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SUBJECT: PRESIDENT KIRCHNER DELIVERS STATE OF THE NATION  
ADDRESS

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Summary  
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¶1. (SBU) Kirchner delivered a state of the nation speech to congress on March 1st. He began the speech by repeating many of the themes that he has mentioned in earlier speeches, such as Argentina's continuing struggle to emerge from "hell." He claimed that Argentina has now entered a process of "sustained growth," noting that what was once interpreted as a temporary recovery is now the beginning of a new era of genuine development. His speech highlighted the proactive role that the state is expected to play in expanding productive infrastructure, consolidating economic activity, creating employment, and increasing demand for goods and services. The speech also addressed GOA social policies that seek to promote "inclusion, equality and social justice." Kirchner's pronouncements on foreign policy issues during the speech were largely a reinforcement of long-standing Argentine policy. Kirchner's speech was moderate and centrist, containing little of his past populist rhetoric. He avoided speaking about the bilateral relationship with the U.S., but his strong words of support for counterterrorism, counternarcotics, and peacekeeping operations indicate that we can expect continued cooperation in these key policy areas. End Summary.

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Argentina's Growth is Sustainable  
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¶2. (U) President Nestor Kirchner delivered a State of the Union speech to the combined houses of Congress on March 1. The Embassy was represented by the DCM. Kirchner began the speech by repeating many of the themes that he has utilized in earlier speeches. He reminded the audience that Argentina is expending a great effort to overcome the worst crisis in

its history and emerge from hell. He also observed that Argentina's recurrent crises have gotten in the way of constructive long-term policies. He then highlighted the importance of Argentina's having renegotiated its private debt, noting that 2005 would be remembered as the year in which Argentina had found a "strategic solution" to the problem of its foreign debt. This solution would both avoid more sacrifice for Argentina's people and strengthen the country's autonomy, Kirchner said.

¶3. (U) Kirchner claimed that Argentina has now entered into a process of "sustained growth," noting that what was once interpreted by analysts as a temporary recovery is now the beginning of a new era of genuine development that will leave behind years of persistent decline. He then enumerated the country's economic achievements: fiscal discipline; debt reduction; monetary prudence; a trade surplus; increased reserves; vigorous growth and diversification of exports; increased productive investment; reversed capital flight; millions of new jobs; increased purchasing power for salaried workers; reduced poverty and misery; and improved distribution of income (see Buenos Aires 419 for Embassy's take on income distribution). Kirchner then backed up these accomplishments with numbers, including: 37 consecutive months of economic growth; a 36 percent increase in GDP since mid-2002; an increase in the export and import substitution sectors reaching 36 percent of GDP; a 50 percent growth in the industrial sector; record grain production of 84 million tons; a more than 40 percent increase in the construction, transportation and communications sectors; a noticeable improvement in the banking sector; an increase in investment to 21 percent of GDP during the fourth quarter of 2005. He also highlighted the repayment of Argentina's USD 10 billion

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in IMF debt, a line that brought the loudest applause from Congress.

¶4. (U) Kirchner's speech highlighted the proactive role that the state is expected to play in expanding productive infrastructure, consolidating economic activity, creating employment, and increasing demand for goods and services. He announced that the 2005 budget for public works had increased by 79 percent over the previous year. Almost half of this money was spent on housing. The rest was spent on potable water, hospitals, schools, universities, highways, flood control, railroads, navigable railways and ports. He also made mention of the efforts being made to increase the supply of energy to meet the demands of the rapidly growing economy. Those efforts include the expansion of power of gas lines, an increase in the capacity of the Yacyreta Hydroelectric project, the completion of the Atucha II nuclear power plant, and the construction of thermal power plants. Almost all of this investment was initiated or supervised by the increasingly important Ministry of Planning.

¶5. (U) The speech also addressed social policies which seek to promote "inclusion, equality and social justice," replacing "the vision that existed in previous decades that merely provided assistance". These policies include: the construction of Community Integration Centers to promote the government's social and health projects; the Family Plan to support needy families; the Federal Health Plan to promote primary health care; the Argentine Birth Plan to reduce infant mortality; the National Sexual Health and Procreation to reduce adolescent birth; the National Medicine Policy to promote the use of generic medicine, and the National AIDS Plan to provide free medicine to AIDS patients. Kirchner also highlighted the construction of new schools, an increase in the number of scholarships for poor children, back-to-school programs, literacy programs, and the recently approved Education Finance Law, which seeks to increase government spending on education to 6 percent of GDP by 2010.

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## Foreign Policy Issues

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¶6. (U) Kirchner's pronouncements on foreign policy issues during the speech were largely a reinforcement of long-standing Argentine policy. He reaffirmed the GOA's commitment to fight against terrorism and narcotrafficking. Kirchner noted Argentina's ongoing efforts to support peacekeeping operations and to promote the respect for human rights in the region. Kirchner also voiced his support for the peaceful use of nuclear energy. Kirchner's only extensive comments on Argentine relations with another country came when he called on his Uruguayan counterpart to institute a 90-day halt in the construction of two controversial paper mills in order to allow time for a technical commission to evaluate the plants' environmental impact (See Reftel Buenos Aires 486 for more on the paper plant dispute). (Comment: Local press reports from March 2 indicated that Uruguayan Vice-President Rodolfo Nin Novoa rejected Kirchner's request as "impertinent." However, on March 3 the local press quoted Uruguay's Vice Foreign Minister Belela Herrera as saying that Uruguayan President Tabare Vasquez "was moved by Kirchner's words, including his appeal to dialogue and brotherhood." End Comment).

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Comment  
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¶7. (SBU) President Kirchner's speech was moderate and

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centrist, containing little of his past populist rhetoric. The discourse broke little new ground and largely was a technical summary -- delivered in a dry monotone -- of the Kirchner administration's achievements in bringing Argentina out of the severe political and economic crisis of 2001-2002.

Argentina's recovery over the past three years is indeed impressive and Kirchner utilized scores of figures to document his government's accomplishments. Kirchner avoided speaking directly about the U.S.- Argentina bilateral relationship, but his strong words of support for counterterrorism, counternarcotics, and peacekeeping operations indicate that we can expect continued cooperation with the GOA in these key policy areas. End Comment.

¶8. (U) To see more Buenos Aires reporting, visit our classified website at:

[< /a>](http://www.state.sgov.gov/p/wha/buenosaires)

GUTIERREZ